

MEMO

DATE: November 4, 2004
TO: The Regional Council
FROM: Tonya Gorham, Government Affairs Analyst
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SUBJECT: California Performance Review Report

RECOMMENDED ACTION: Receive and File – Information Only

SUMMARY:

The California Performance Review (CPR) report was released on August 3, 2004. It is the result of an extensive process initiated by the Governor in February 2004 to scrutinize California government and propose steps to improve service and save money. The report includes several recommendations for improving the State's relationship with local governments, overall government reorganization such as creating a new Infrastructure Department and improving and streamlining the functions of other agencies and departments. The 21 member CPR Commission, appointed by the Governor in June, has held a series of public workshops around the state to receive public input on the report. The Commission held its final public hearing on October 20th during which they released a draft of the Commissions Report along with a draft of the Strawman Recommendations of the CPR Commission to be submitted to the Governor. To view the various documents in their entirety please visit the CPR website <http://cpr.ca.gov/>.

Local Government

The General Government Section of the report addresses the State's relationship with local governments and local government financing. The following is a list of recommendations related to local governments:

- The Governor's office should create a Local Government Relations Office to improve relations with all levels of local government.
- The Local Government Relations Office should coordinate governmental programs and be responsible for the development of appropriate linkages between the formal and informal institutions of government.
- The Governor should work with the Legislature to identify permanent sources of revenue for local government that are not subject to redirection to the state.
- The Governor should create a special task force to develop outcomes-based performance standards that can be used to evaluate local governments' delivery of state programs.
- The governor should direct state agencies to review pending draft legislation as early in the process as possible and to focus on mandate impacts in their review to make reimbursements more cost efficient, predictable and fair.
- The Governor should direct state agencies to actively review and provide input into the parameters and guidelines documents during the Commission on State Mandates process. This should occur whenever the Commission on State Mandates determines that a reimbursable mandate exist.

- The state should require that tribes renegotiating or entering into new compacts be required to enter into judicially enforceable agreements with local government to address the physical and economic impacts of tribal casinos on the surrounding community.

Transportation and Infrastructure

In the area of Transportation and Infrastructure, the report concludes that California lacks an integral infrastructure policy and that infrastructure projects are not centrally managed or coordinated. The performance review also found that necessary infrastructure investment lacks stable funding and involvement of multiple agencies in infrastructure makes it difficult to complete projects.

As a result of these findings, one of the major proposals in the report is the creation of an integrated Infrastructure Department. The Office of the Secretary for the Infrastructure Department would have the following three divisions:

The Planning, Programming and Evaluation Division

- ◆ Division would develop a 7-year program of projects to be funded consistent with a 7-year estimate of funds adopted by the Infrastructure Authority (Board of Directors for the Infrastructure Department) every two years.
- ◆ This division would also develop general plan guidelines and formulate regional Transportation plan guidelines.
- ◆ It would take over the programming function of the current Department of Transportation, the California Transportation Commission, Water Resources and the California Energy Commission.

The Research and Development Division

- ◆ Division would assume the research and development functions of the current Departments of Water Resources and Transportation and the Energy Commission.

The Infrastructure Financing Division

- ◆ Division would perform the duties of the Infrastructure Bank and assume the financing functions of the Departments of Water Resources, Transportation, High Speed Rail Authority and others.

Along with the aforementioned divisions the report also recommends the Infrastructure Department have six operating divisions: Water; Energy; Transportation; Housing, Building and Construction; Telecommunication; and Boating and Waterways. The Transportation Division would be responsible for approving grants and technical assistance to local government and their transportation agencies. It would assume all the existing functions of the DOT and the High Speed Rail Authority. The Housing, Building and Construction Division would assume the duties of the Department of Housing and Community Development, General Services, State Building Standards Commission, Department of Finance, Department of Community Services and Development and several others.

CPR and SCAG

The report also makes several specific legislative or executive order recommendations on issues relevant to SCAG. Specifically, the report recommends supporting a state constitutional protection of transportation funds and seeking federal earmarks for priority projects two key components of SCAG's 2004 Legislative Program. The report also recommends legislation authorizing the use of delivery methods including Design-Build to expedite project delivery, a legislative concept SCAG helped the California Foundation on Environment and the Economy (CFEE) develop in the last legislative cycle.

Further, several recommendations in the report seek to streamline state processes, including the environmental review process, also advocated by SCAG in past legislative cycles. Some of the recommendations are listed below divided by issue area according to the purview of the SCAG Policy Committee.

Transportation and Communications Committee:

- Legislation should be pursued that would authorize the use of different delivery methods including; Design- Build- Operate, and Public-Private Partnerships. (INF 01)
- Amend state law to authorize BTH to determine selection of high occupancy/ toll lane projects and to fund toll bridge maintenance through toll revenues. (INF 05)
- The state owns several routes that it should relinquish to local agencies and eliminate the need for ongoing maintenance of these facilities. Such relinquishment should be done in accordance with existing law and without providing funds for future costs. (INF 13)
- Amend the state constitution assuring taxes collected for transportation are used for transportation projects. Implement flexibility using funds for transportation and develop new fee collection method based on use of highways. (INF 15)
- Coordinate state and local efforts to get federal funds earmarked for priority projects. Pursue federal funds from Homeland Security for Life Line route improvements necessary following disasters. (INF 16)
- Consolidate infrastructure research and development (R& D) under one agency and office and develop an R& D strategic plan. Streamline and standardize administrative procedures. Partner with businesses and technology organizations to identify research concepts with commercial potential. (INF 17)
- Consolidate infrastructure planning and programming under one agency. Streamline and standardize administrative procedures. Also, inventory all infrastructure facilities statewide, assess condition and determine need for funding. Such funding should be linked with performance- based management. The consolidated entity should provide a framework and incentives for local governments to engage in regional planning and comply with State General Plan. (INF 18)
- State highway projects should identify full life cycle costs to ensure project designs are chosen based on long- term benefit and cost implications. Highway systems should be assessed semi-annually on quality as a guide to prioritize funding. Additional funds can be gained by privatizing roadside rest stops, but would require changes to federal requirements. Other savings can be achieved by outsourcing maintenance functions and consolidating and/ or seeking opportunities for sharing assets with other entities. (INF 20)

Community, Economic and Human Development Committee

- The state should consolidate housing programs under one agency and streamline and standardize housing general plans. Certain fund diversions/ redirections should occur to ensure continuous monies to local governments to build the necessary housing. Legislation should be pursued that requires redevelopment agencies to spend their 20% set- aside for affordable housing within three years or forfeit the money which would accrue for the purpose of a dedicated affordable housing fund managed by the state. (INF 21)

- Streamline the Environmental Review Process to Discourage Sprawl and Revitalize Older Developed Urban Areas. The Governor should work with the Legislature to amend the Public Resources Code to exempt from further environmental review infill and mixed-use development projects that are consistent with the local government's general plan and accompanying Master Report for older developed urban areas. State agencies should support local infill development through state policies, plans and investments. (INF 37)

Energy and Environment Committee

- The California Water Plan concept should be updated. The Plan should be integrated into a state general plan process. In addition, the Governor should work with the Legislature to promote regional water planning. (INF 09)
- Establish an Energy Agency responsible for developing and implementing a comprehensive strategy assuring the availability of clean and affordable fuel. Research grant applications and pilot projects should continue to support the development of emerging fuels and related technologies. (INF 24)
- State agencies should implement an interagency issue resolution process. Implement a policy framework that allows infrastructure providers to collaborate with resource agencies early in the planning process to identify and commit to mitigation and streamline CEQA and other permitting processes to expedite project delivery. The agency should work in partnership with local government to provide plans that include incentives for infrastructure projects and services for existing communities to support infill, compact and contiguous development. (INF 35)
- An executive order should be prepared to consolidate planning, programming and evaluation functions of infrastructure agencies into one organization. The appropriate state entities should identify and implement ways to improve environmental and permitting processes. (INF 36)

Resources Conservation and Protection

Along with the key recommendations under Infrastructure and Transportation planning the CPR report also makes several recommendations under the area of resources conservation and protection, which also fall under the purview of SCAG's Energy and Environment Committee. The report recommends that California's environmental, resources and agricultural stewardship programs focus on outcomes such as cleaner air, water and beaches, rather than on processes such as fines levied. The report outlines specific recommendations in the area of environmental protection to eliminate or consolidate programs and to streamline various processes. In the area of environmental resources the CPR make the following recommendations:

- **Eliminate** programs that have outlived their usefulness or duplicate other functions, such as eliminating the need for the California Integrated Waste Management Board to approve Solid Waste Facility Permits.
- **Consolidate** program administration for Clean Water infrastructure, combine duplicative hazardous materials cleanup programs, merge waste management functions, focus on pollution prevention, and bring together land use and land acquisition efforts.
- **Streamline** permitting processes, improve regulatory compliance and customer service, deliver information technology for the 21st Century to enhance public access, prioritize enforcement and inspection efforts according to public health risks and break down barriers to interagency cooperation. Specifically the report recommends streamlining and eliminating duplicative reporting

for the Environmental Protection and Resources Agencies and using technology to streamline the State-Level Environmental Review.

- Implement fiscal reforms that prioritize funding based on public health risk, environmental needs and program performance. Other improvements include improved fee collections and leveraging state and federal funds more efficiently.

T. Gorham CPR Summary
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